

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2005-125-G - ORDER NO. 2006-552
SEPTEMBER 27, 2006

IN RE: Notice of Election of Piedmont Natural Gas)	INITIAL ORDER ON
Company, Inc. for Application of the Natural)	APPLICATION OF THE
Gas Rate Stabilization Act to its Rates and)	NATURAL GAS RATE
Charges.)	STABILIZATION ACT
)	AND ORDER ADOPTING
)	SETTLEMENT
)	AGREEMENT

I. INTRODUCTION

This matter comes before the Public Service Commission of South Carolina (the Commission) pursuant to S.C. Code Ann. Section 58-5-455, a portion of the Natural Gas Rate Stabilization Act, as related to Piedmont Natural Gas Company, Incorporated (Piedmont or the Company). Order No. 2005-491 established a baseline for the Company under the Act, based on the Company's last rate case. See Order No. 2002-761. Section 58-5-455 sets out a procedure for the handling of monitoring reports under the Act related to the quarter ending March thirty-first, which we detailed in Order No. 2005-491 at 5.

Briefly, under Section 58-5-455 the Company files the monitoring reports with the Commission and the Office of Regulatory Staff (ORS). Parties may comment on the reports. Where it appears to the Commission or ORS that an adjustment in rates may be warranted, ORS shall conduct an audit of the monitoring report and specify any changes that it determines are necessary to correct errors in the report or to otherwise bring the

report into compliance with the statute. Parties may comment on the ORS audit. On or before October 15, the Commission shall issue an initial order setting forth any changes required in the utility's request to adjust rates under the statute. Any gas rate adjustments authorized under the terms of the statute shall take effect for all bills rendered on or after the first billing cycle of November of that year. This present order is the "initial order" contemplated by S.C. Code Ann. Section 58-5-455 for Piedmont.

Pursuant to the South Carolina Natural Gas Rate Stabilization Act ("Act"), Piedmont submitted its quarterly monitoring report for the twelve-month period ending March 31, 2006, as well as the required revenue deficiency calculations and proposed changes to its tariff rates necessary to permit Piedmont the opportunity to earn the rate of return on common equity established in its last general rate case as specified in Section 58-5-420(1).

According to its Application, Piedmont indicated that \$10,387,852 in additional margin and \$861,234 in under-recovered demand costs is required to permit Piedmont the opportunity to earn a rate of return on equity equal to the approved rate of return on equity adopted in Docket No. 2002-63-G, Piedmont's last general rate case, and to recover one-hundred percent (100%) of its prudently incurred demand gas costs.

The Office of Regulatory Staff (ORS) conducted a review of Piedmont Natural Gas Company, Inc.'s Monitoring Report for the twelve-month period ending March 31, 2006, to evaluate compliance with Section 58-5-430 and Section 58-5-440 of the Act. The ORS proposed certain adjustments to reported amounts to bring the report into conformance with those sections. Piedmont filed written comments advising the

Commission that Piedmont had no objection to or comments on the findings and adjustments reflected in the ORS Audit Report. No written comments from other parties were received.

Subsequently, a Settlement Agreement was reached by and among Piedmont, ORS, and the South Carolina Energy Users Committee (SCEUC) (collectively, the Parties). The Settlement Agreement, plus exhibits, is attached hereto as Order Exhibit 1. Under the terms of the Settlement Agreement, Piedmont will implement rates for the twelve-month period beginning with the first billing cycle of November 2006, calculated on the basis of an 11.2% return on equity (ROE). The Parties agree that Piedmont will adopt the accounting adjustments of ORS as set forth in Schedule 2 attached to the Settlement Agreement. The Parties further agree that, based upon the accounting adjustments proposed by ORS and adopted by Piedmont, the additional revenue required to return Piedmont to its authorized rate of return on equity of 12.6% was reduced from the \$11,249,086 requested to \$9,527,749. This results in a net savings to the rate payers of \$1,721,337. Further, the Parties agree that, as a result of Piedmont's commitment to implement rates calculated on an 11.2% ROE, a further reduction in Piedmont's revenue requirement from \$9,527,749 to \$6,533,885 will result. This additional reduction produces a net savings to the rate payers of \$2,993,864. The total net savings to the ratepayer is \$4,715,201.

We have examined the accounting and proforma adjustments proposed and agreed upon by the parties, as well as the Settlement Agreement, and we take no exception to them.

II. FINDINGS AND CONCLUSIONS

1. S.C. Code Ann. Section 58-5-455, a portion of the Natural Gas Rate Stabilization Act, requires the filing of certain documents and the issuance of this Initial Order.

2. Changes are required to the Company's request to adjust rates.

3. ORS has suggested certain changes to which Piedmont does not object, as outlined above. Indeed, the parties have reached a Settlement Agreement.

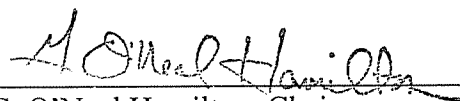
4. This Commission has found no other changes appropriate or necessary other than those agreed to by the parties.

5. The Settlement Agreement is approved. This Commission adopts the changes and adjustments proposed by the parties and the resulting rates and charges. Said rates and charges are attached hereto as Order Exhibit 2.

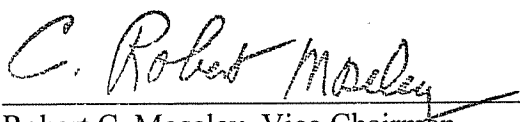
6. The new approved rates and charges shall be effective for bills rendered on and after the first billing cycle in November 2006.

7. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


G. O'Neal Hamilton, Chairman

ATTEST:


Robert C. Moseley, Vice Chairman
(SEAL)

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2005-125-G

IN RE:

Piedmont Natural Gas)	
Company's Application of the)	SETTLEMENT AGREEMENT
Natural Gas Rate Stabilization Act)	
To its Rates and Charges.)	

This Settlement Agreement is made by and among the Office of Regulatory Staff of South Carolina ("ORS"), South Carolina Energy Users Committee ("SCEUC"), and Piedmont Natural Gas Company, Inc. ("PNG") (collectively referred to as the "Parties" or sometimes individually as a "Party").

WHEREAS, by South Carolina Public Service Commission ("Commission") Order Nos. 2005-491, dated September 28, 2005, and 2005-567, dated October 13, 2005, the Commission established a baseline for PNG under the Natural Gas Rate Stabilization Act (the "Act") and approved certain accounting adjustments proposed by ORS and PNG;

WHEREAS, pursuant to S.C. Code Ann. § 58-5-455 (Supp. 2005), PNG filed its Quarterly Monitoring Report and Proposed Rate Changes with the Commission on June 15, 2006 for the review period consisting of April 1, 2005 through March 31, 2006 ("Review Period");

WHEREAS, the Report of the ORS Review of PNG's Monitoring Report for the Twelve-Month Period Ending March 31, 2006, pursuant to the Act, was filed with the Commission on September 1, 2006;

WHEREAS, the Parties to this Settlement Agreement are the only parties of record in the above-captioned docket. There are no other parties of record in the above-captioned proceeding;

WHEREAS, the Parties have engaged in discussions to determine if a settlement of this proceeding would be in their best interest;

WHEREAS, following those discussions the Parties have each determined that their interests, and ORS has determined that the public interest, would be best served by settling the above-captioned case under the terms and conditions set forth below:

1. Piedmont will implement rates for the twelve-month period beginning with the first billing cycle of November 2006 calculated on the basis of an 11.2% return on equity ("ROE").

2. The Parties agree that the following are the only attachments to this Settlement Agreement: Schedule 1 (Net Operating Income and Rate of Return); Schedule 2 (Explanations of Accounting and Pro Forma Adjustments); and Schedule 3 (Weighted Cost of Capital).

3. The Parties agree that PNG will adopt the accounting adjustments of ORS as set forth in Schedule 2 as attached to this Settlement Agreement.

4. The Parties agree that, based upon the accounting adjustments proposed by ORS and adopted by PNG, the additional revenue required to return PNG to its authorized return on equity of 12.6% was reduced from the \$11,249,086 requested to \$9,527,749. This results in a net savings to the rate payers of \$1,721,337.

5. The Parties further agree that, as a result of PNG's commitment to implement rates calculated on an 11.2% ROE, as set forth in paragraph 1 above, a further reduction in PNG's revenue requirement from \$9,527,749 to \$6,533,885 will result. This additional reduction produces a net savings to the rate payers of \$2,993,864.

6. The Parties agree that, based upon the additional revenue (\$11,249,086) requested by PNG and the additional revenue (\$6,533,885) agreed upon pursuant to this Settlement Agreement, the total net savings to rate payers from this Settlement Agreement is \$4,715,201.

7. The Parties agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission as a fair, reasonable and full resolution of the above-captioned proceeding. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein.

8. The Parties agree that by signing this Settlement Agreement, it will not constrain, inhibit or impair their arguments or positions in future proceedings. Should the Commission decline to approve the agreement in its entirety, then any Party desiring to do so may withdraw from the agreement without penalty.

9. This agreement shall be interpreted according to South Carolina law.

10. Each Party acknowledges its consent and agreement to this Settlement Agreement by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and e-mail signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement.

[SIGNATURE PAGES FOLLOW]

Docket No. 2005-125-G

Order No. 2006-552

September 27, 2006

WE AGREE:

Representing and binding the Office of Regulatory Staff

/s/ Jeffrey M. Nelson

Jeffrey M. Nelson, Esquire

C. Lessie Hammonds, Esquire

Office of Regulatory Staff

1441 Main Street, Suite 300

Columbia, SC 29201

Phone: (803) 737-0800

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Email: lhammon@regstaff.sc.gov

jnelson@regstaff.sc.gov

Docket No. 2005-125-G

Order No. 2006-552

September 27, 2006

WE AGREE:

Representing and binding Piedmont Natural Gas Company, Inc.

/s/ James H. Jeffries, IV

James H. Jeffries, IV, Esquire

Moore & Van Allen, PLLC

100 North Tryon Street, Ste. 4700

Charlotte, NC 28202

Phone: 704-331-1079

Fax: 704-339-5879

Email: jimjeffries@mvalaw.com

Representing and binding South Carolina Energy Users Committee

/s/ Scott Elliott

Scott Elliott, Esquire

Elliott & Elliott, P.A.

721 Olive Street

Columbia, SC 29205

Phone: (803) 771-0555

Fax: (803) 771-8010

Email: selliott@elliottlaw.us

Schedule 1

Piedmont Natural Gas Company
South Carolina Operations
Net Operating Income and Rate of Return
For the Twelve Months Ended March 31, 2006
Docket No. 2005-125-G

	(1) Per Regulatory Books	(2) Accounting and Pro Forma Adjustments	(3) After Accounting and Pro Forma Adjustments	(4) Adjustments for Proposed Margin Increase	(5) Adjustments for Demand Cost Under-Recovery	(6) Total After Proposed Rates
Operating Revenues						
1 Sale and Transportation of Gas	\$ 218,315,544	\$ (8,157,553)	\$ 210,157,991	\$ 5,676,136	\$ 857,749	\$ 216,691,876
2 Other Operating Revenues	858,857	0	858,857			858,857
3 Total Operating Revenues	219,174,401	(8,157,553)	211,016,848	5,676,136	857,749	217,550,733
Operating Expenses						
4 Cost of Gas	151,604,313	(12,904,079)	138,700,234		853,351	139,553,585
5 Operations and Maintenance	30,462,587	185,455	30,648,042	29,103	4,398	30,681,543
6 Depreciation	10,819,056	630,075	11,449,131			11,449,131
7 General Taxes	6,521,305	93,909	6,615,214			6,615,214
8 State Income Taxes	61,749	842,383	904,132	282,352		1,186,484
9 Federal Income Taxes	4,920,414	1,068,713	5,989,127	1,877,638		7,866,765
10 Amortization of Investment Tax Credits	(60,805)		(60,805)			(60,805)
11 Total Operating Expenses	204,328,619	(10,083,544)	194,245,075	2,189,093	857,749	197,291,917
12 Net Operating Income	14,845,782	1,925,991	16,771,773	3,487,043	0	20,258,816
13 Interest on Customers' Deposits	(110,391)		(110,391)			(110,391)
14 Amortization of Debt Redemption Premium	(14,339)	(634)	(14,873)			(14,873)
15 Allowance for Funds Used During Construction	460,324		460,324			460,324
16 Customer Growth	63,362	8,282	71,644	14,994		86,638
17 Net Operating Income for Return	\$ 15,244,738	\$ 1,933,739	\$ 17,178,477	\$ 3,502,037	\$ 0	\$ 20,680,514
Original Cost Rate Base:						
18 Plant in Service	\$ 344,615,411		\$ 344,615,411			\$ 344,615,411
19 Accumulated Depreciation	(124,515,520)		(124,515,520)			(124,515,520)
20 Net Plant in Service	220,099,891		220,099,891			220,099,891
21 Add:						
22 Construction Work in Progress	9,349,299		9,349,299			9,349,299
23 Materials and Supplies	21,006,145	9,583	21,015,728			21,015,728
24 Cash Working Capital	5,596,092	(2,940,251)	2,655,841			2,655,841
Deduct:						
25 Customers' Advances	3,599		3,599			3,599
26 Customers' Deposits	3,441,239		3,441,239			3,441,239
27 Accumulated Deferred Income Taxes	31,058,898		31,058,898			31,058,898
28 Unclaimed Funds	373,722		373,722			373,722
29 Original Cost Rate Base:	\$ 221,173,969	(2,930,668)	\$ 218,243,301			\$ 218,243,301
30 Rate of Return	6.89%		7.87%			9.48%
31 Return on Equity	6.94%		8.55%			11.20%

Schedule 2

Piedmont Natural Gas Company
South Carolina Operations
Explanations of Accounting and Pro Forma Adjustments
Twelve Months Ended March 31, 2006
Docket No. 2005-125-G

<u>Line No.</u>	<u>Description</u>	<u>Per Piedmont</u>	<u>Per ORS</u>
1	<u>Operating Revenues - Sale and Transportation of Gas</u>		
	Piedmont proposes to decrease revenues to the going-level basis. ORS agrees with this adjustment	\$ (8,157,553)	\$ (8,157,553)
	<u>Total Operating Revenues - Sale and Transportation of Gas</u>	\$ (8,157,553)	\$ (8,157,553)
2	<u>Cost of Gas</u>		
	Piedmont proposes to decrease cost of gas to the going-level basis. ORS agrees with this adjustment	\$ (12,904,079)	\$ (12,904,079)
	<u>Total Cost of Gas</u>	\$ (12,904,079)	\$ (12,904,079)
3	<u>Operations and Maintenance Expenses</u>		
a.	Piedmont and ORS propose to increase payroll costs to the going-level basis. The Company and ORS annualized the actual salaries and wages expense at March 31, 2006. The Company and ORS's calculation disallows officer salary increases during the test period in conformance with PSC Order No. 2002-761, November 1, 2002	\$ 760,993	\$ 760,993
b.	Piedmont and ORS propose to decrease expenses for the Salary and Payroll Investment Plans. The Plan allows participants to defer a portion of their base salary, and the Company matches a portion of the participant's contribution.	(6,404)	(6,404)
c.	Piedmont and ORS propose to correct pension costs included in the Original Filing.	(41,068)	(127,483)
d.	Piedmont and ORS propose to adjust uncollectible gas cost expense. ORS has recalculated this adjustment utilizing the method recently approved in Docket No. 2006-4-G, Order No. 2006-_____, dated _____, 2006. This removes uncollectible gas cost expense from base rates and records the amount in account # 253.04.	497,551	(370,192)
f.	Piedmont and ORS propose to decrease expenses for allocations to non-utility activities.	(22,803)	(22,803)
g.	Piedmont and ORS propose to increase expenses for the Long-Term Incentive Plan.	12,557	12,557
h.	Piedmont and ORS propose to decrease expenses for the Short-Term Incentive Plan. ORS agrees with this adjustment.	(87,984)	(87,984)
i.	Piedmont and ORS proposes to decrease expenses for the MVP Incentive Plan.	(14,390)	(14,390)
j.	Piedmont and ORS propose to increase expenses for group insurance for projected costs increases.	42,726	42,726
k.	Piedmont and ORS propose to increase expenses for the Piedmont Town Center lease.	159,882	159,882
l.	Piedmont and ORS propose to decrease expenses for the South Carolina assessment fee.	(28,771)	(28,771)
m.	Piedmont and ORS propose to decrease expenses for the expenses not allowable for ratemaking purposes.	(132,676)	(132,676)
	<u>Total Operations and Maintenance Expense</u>	\$ 1,139,613	\$ 185,455

Schedule 2

Piedmont Natural Gas Company
South Carolina Operations
Explanations of Accounting and Pro Forma Adjustments
Twelve Months Ended March 31, 2006
Docket No. 2005-125-G

<u>Line No.</u>	<u>Description</u>	<u>Per Piedmont</u>	<u>Per ORS</u>
4	<u>Depreciation Expense</u>		
	Piedmont and ORS propose to increase depreciation expense to the going-level basis using recently completed depreciation study rates.	\$ 630,075	\$ 630,075
	Total Depreciation Expense	\$ 630,075	\$ 630,075
5	<u>General Taxes</u>		
	a. Piedmont and ORS propose to increase property taxes to the going-level basis.	\$ 22,651	\$ 22,651
	b. Piedmont and ORS propose to adjust payroll tax expense.	369,304	127,139
	c. Piedmont and ORS propose to decrease franchise taxes to the going-level basis.	(63,102)	(63,102)
	d. Piedmont and ORS propose to increase other taxes to the going-level basis.	7,221	7,221
	Total General Taxes	\$ 336,074	\$ 93,909
6	<u>State Income Taxes</u>		
	Piedmont and ORS propose to adjust state income taxes (rate of 5%) to reflect the impact on income of accounting and proforma adjustments.	\$ 778,444	\$ 842,383
	Total State Income Taxes	\$ 778,444	\$ 842,383
7	<u>Federal Income Taxes</u>		
	Piedmont and ORS propose to adjust federal income taxes (rate of 35%) to reflect the impact on income of accounting and proforma adjustments.	\$ 643,515	\$ 1,068,713
	Total Federal Income Taxes	\$ 643,515	\$ 1,068,713
8	<u>Amortization of Debt Redemption Premium</u>		
	Piedmont and ORS propose to decrease net operating income for amortization of debt redemption premium.	\$ (534)	\$ (534)
	Total Amortization of Debt Redemption Premium	\$ (534)	\$ (534)
9	<u>Customer Growth</u>		
	Piedmont and ORS propose to increase net operating income to reflect anticipated customer growth (rate of .43%) following the adjustments to operating revenues and expenses.	\$ 5,241	\$ 8,282
	Total Customer Growth	\$ 5,241	\$ 8,282

Schedule 2

Piedmont Natural Gas Company
South Carolina Operations
Explanations of Accounting and Pro Forma Adjustments
Twelve Months Ended March 31, 2006
Docket No. 2005-125-G

<u>Line No.</u>	<u>Description</u>	<u>Per Piedmont</u>	<u>Per ORS</u>
10	<u>Cash Working Capital</u>		
a.	ORS proposes to reduce cash working capital to reflect the effect on operating expenses of tax accruals associated with accumulated deferred income taxes.	-	(2,963,433)
b.	Piedmont and ORS propose to increase cash working capital following the pro forma adjustments to operation, and maintenance expenses (rate of 12.5%) as reflected in the Original Filing.	142,452	23,182
	<u>Total Cash Working Capital</u>	<u>\$ 142,452</u>	<u>\$ (2,940,251)</u>
11	<u>Operating Revenues - Sale and Transportation of Gas</u>		
	Piedmont and ORS propose to increase revenues from the sale and transportation of gas for proposed margin increase before demand cost under-recovery. ORS has recalculated this adjustment utilizing all ORS adjustments to Piedmont's RSA filing.	\$ 10,387,852	\$ 5,676,136
	<u>Total Operating Revenues - Sale and Transportation of Gas</u>	<u>\$ 10,387,852</u>	<u>\$ 5,676,136</u>
12	<u>Operations and Maintenance Expenses</u>		
a.	Piedmont and ORS propose to increase the provision for uncollectible accounts (rate of .21272%) following the adjustments to operating revenues.	\$ 64,989	\$ 12,075
b.	Piedmont and ORS propose to increase the utility license fee (rate of .30%) following the adjustments to operating revenues.	30,969	16,992
	<u>Total Operations and Maintenance Expenses</u>	<u>\$ 95,958</u>	<u>\$ 29,067</u>
13	<u>State Income Taxes</u>		
	Piedmont and ORS propose to adjust state income taxes (rate of 5%) to reflect the impact on income of adjustments to operating revenues and expenses.	\$ 514,595	\$ 282,353
	<u>Total State Income Taxes</u>	<u>\$ 514,595</u>	<u>\$ 282,353</u>
14	<u>Federal Income Taxes</u>		
	Piedmont and ORS propose to adjust federal income taxes (rate of 35%) to reflect the impact on income of adjustments to operating revenues and expenses.	\$ 3,422,055	\$ 1,877,650
	<u>Total Federal Income Taxes</u>	<u>\$ 3,422,055</u>	<u>\$ 1,877,650</u>
15	<u>Customer Growth</u>		
	Piedmont and ORS propose to increase net operating income to reflect anticipated customer growth (rate of .43%) following the adjustments to operating revenues and expenses. ORS has recalculated this adjustment following adjustments to O&M expenses and income taxes, as explained above.	\$ 27,328	\$ 14,994
	<u>Total Customer Growth</u>	<u>\$ 27,328</u>	<u>\$ 14,994</u>

Schedule 2

Piedmont Natural Gas Company
South Carolina Operations
Explanations of Accounting and Pro Forma Adjustments
Twelve Months Ended March 31, 2006
Docket No. 2005-125-G

<u>Line No.</u>	<u>Description</u>	<u>Per Piedmont</u>	<u>Per ORS</u>
16	<u>Operating Revenues - Sale and Transportation of Gas</u>		
	Piedmont and ORS propose to increase revenue requirement for the sale and transportation of gas associated with the demand cost under-recovery.	\$ <u>861,234</u>	\$ <u>857,721</u>
	<u>Total Operating Revenues - Sale and Transportation of Gas</u>	\$ <u>861,234</u>	\$ <u>857,721</u>
17	<u>Cost of Gas</u>		
	Piedmont and ORS propose to increase cost of gas for the demand cost under-recovery using a demand cost allocation factor of 16.16%, based upon the most recent design day study.	\$ <u>853,351</u>	\$ <u>853,351</u>
	<u>Total Cost of Gas</u>	\$ <u>853,351</u>	\$ <u>853,351</u>
18	<u>Operations and Maintenance Expenses</u>		
	a. Piedmont and ORS propose to increase the provision for uncollectible accounts (rate of .21272%) following the adjustment to operating revenues.	\$ 5,339	\$ 1,815
	b. Piedmont and ORS propose to increase the utility license fee (rate of .30%) following the adjustments to operating revenues.	<u>2,544</u>	<u>2,555</u>
	<u>Total Operations and Maintenance Expenses</u>	\$ <u>7,883</u>	\$ <u>4,370</u>
	<u>Materials and Supplies</u>		
19	ORS proposes to adjust storage inventory values to correct Piedmont's calculations included in the Original filing.	\$ <u>0</u>	\$ <u>9,583</u>
	<u>Total Materials and Supplies</u>	\$ <u>0</u>	\$ <u>9,583</u>

PIEDMONT NATURAL GAS COMPANY, INC.
PROPOSED REVENUE CALCULATIONS
2006 RSA
SOUTH CAROLINA

Order Exhibit 2
Docket No. 2005-125-G
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September 27, 2006

Page 1 of 3

(dekatherms) Rate Schedule	Proposed Rate	Proposed Revenue
Residential Service - Value 201		
Bills - Winter	\$ 10.00	\$ 2,512,530
Bills - Summer	\$ 8.00	\$ 2,905,400
DTs - Winter	13.2732	36,874,636
DTs - Summer	12.7611	14,726,805
Residential Service - Standard 221		
Bills - Winter	\$ 10.00	\$ 3,126,310
Bills - Summer	\$ 8.00	\$ 3,253,032
DTs - Winter	15.0049	38,228,764
DTs - Summer	14.8709	9,922,504
		\$111,549,981
Small General Service - Standard 202		
Bills	\$ 22.00	2,682,108
DTs - Winter	14.0040	24,999,018
DTs - Summer	13.6969	6,039,216
Small General Service - Value 232		
Bills	\$ 22.00	974,006
First 200	13.4724	12,832,448
Over 200	13.2077	3,543,766
DTs - Winter		
First 200	12.5810	12,937,327
Over 200	12.3173	1,730,726
DTs - Summer		
Medium General Service - Standard 252		
Bills	\$ 75.00	20,250
DTs - Winter	13.9869	2,471,415
DTs - Summer	13.5178	710,715
Medium General Service - Value 262		
Bills	\$ 75.00	74,325
First 500	13.2126	2,599,547
Over 500	12.8836	3,310,504
DTs - Winter		
First 500	12.3195	3,099,722
Over 500	12.0911	2,283,158
DTs - Summer		
Small General Service - Motor Fuel 242		
Bills	\$ 22.00	528
DTs - Winter	10.7683	11,610
DTs - Summer	10.7853	17,391
		\$80,337,779

PIEDMONT NATURAL GAS COMPANY, INC.
PROPOSED REVENUE CALCULATIONS
2006 RSA
SOUTH CAROLINA

(dekatherms) Rate Schedule	Proposed Rate	Proposed Revenue
Large General Service - Sales 203		
Bills	\$ 250.00	22,250
Demand DT'S	\$ 19.00	352,055
First 1,500	11.0441	560,775
Next 1,500	10.3988	367,556
Next 7,500	9.9053	334,423
Next 16,500	9.6050	-
Next 33,000	8.9693	-
<u>Over 60,000</u>	8.6836	-
DTs - Winter		
First 1,500	10.2980	718,471
Next 1,500	9.8344	326,237
Next 7,500	9.5648	120,516
Next 16,500	9.4193	-
Next 33,000	8.9193	-
<u>Over 60,000</u>	8.6836	-
DTs - Summer		
Large General Service - Transportation 213		
Bills	\$ 250.00	121,250
Demand DT'S	\$ 6.00	654,019
Standby DT's	\$ 13.00	0
First 1,500	2.5331	749,879
Next 1,500	1.8780	412,604
Next 7,500	1.4108	324,090
Next 16,500	1.1050	2,724
Next 33,000	0.4693	-
<u>Over 60,000</u>	0.1836	-
DTs - Winter		
First 1,500	1.7870	707,573
Next 1,500	1.3187	339,071
Next 7,500	1.0355	310,411
Next 16,500	0.6803	7,313
Next 33,000	0.4193	-
<u>Over 60,000</u>	0.1836	-
DTs - Summer		

PIEDMONT NATURAL GAS COMPANY, INC.
PROPOSED REVENUE CALCULATIONS
2006 RSA
SOUTH CAROLINA

(dekatherms)	Proposed	Proposed
Rate Schedule	Rate	Revenue
Interruptible Service - Sales 204		
Bills	\$ 250.00	72,250
First 1,500	11.5575	1,323,808
Next 1,500	10.9142	751,519
Next 7,500	10.3470	940,335
Next 16,500	9.9232	779,944
Next 33,000	9.5390	30,592
<u>Over 60,000</u>	9.0836	-
DTs - Winter		
First 1,500	10.3880	2,122,133
Next 1,500	9.9108	1,214,678
Next 7,500	9.5731	1,223,892
Next 16,500	9.3479	554,966
Next 33,000	9.0693	-
<u>Over 60,000</u>	8.7836	-
DTs - Summer		
Interruptible Service - Transportation 214		
Bills	\$ 250.00	177,500
First 1,500	2.5359	955,441
Next 1,500	1.8804	594,823
Next 7,500	1.4106	890,797
Next 16,500	0.9400	265,464
Next 33,000	0.4699	16,996
<u>Over 60,000</u>	0.1836	1,643
DTs - Winter		
First 1,500	1.7913	918,036
Next 1,500	1.3230	511,695
Next 7,500	1.0385	807,735
Next 16,500	0.7531	205,427
Next 33,000	0.4179	23,135
<u>Over 60,000</u>	0.1836	-
DTs - Summer		
		\$20,814,024
Outdoor Gaslight Service - Rate 205		
Fixtures	15.0000	720
Annual Revenues From Special Contracts		3,989,278
ANNUAL TOTAL	proposed	<u>\$216,691,782</u>